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AT&S Austria Technologie & Systemtechnik AG: Outlook 2011/12

Leoben (pta/06.05.2011/09:15) - The increasing prevalence of electronic systems in everyday life, the rising penetration rate of communication applications and the wider functionality of mobile devices will all lead to rising demand for high-end printed circuit boards. The Management Board expects these developments to deliver above-average benefits for the AT&S Group.

Over the next three years the Group aims to outpace the growth in the market and to consolidate its leading position in the high-end printed circuit board business. The overall goal is to increase the Group's sales by an annual 10 % - 13 % over the next few years (ignoring the possible effects of changes in exchange rates), with the mobile devices business as the principal engine of growth.

The Management Board's growth scenario for the next few years foresees that every second High Density Interconnect (HDI) printed circuit board used will be manufactured in China. To consolidate and extend its current position as a market leader in this high-tech-segment, AT&S has decided to build a new HDI plant in Chongqing, western China. Construction of the plant will proceed in stages, with the timing of each determined by market demand and technological developments.

The first step will be to develop the plot (120,000 m²) as quickly as possible, and to construct the necessary building and infrastructure. Approximately EUR 50m has been set aside for this purpose (the exact amount will depend on the prevailing dollar exchange rate). As with our existing factory in Shanghai, the new HDI plant in Chongqing will be one of the most modern production facilities of its kind, focusing on any-layer and equipped with the latest technologies, such as ALIVH® (Any Layer Interstitial Via Hole). Based on the current scenario and the predicted future market development, the Management Board expects total investment in technical equipment of some EUR 150m for the first phase. On completion, AT&S will have around 200,000 m² of additional high-end HDI production capacity available.

AT&S will invest up to 5 % of its revenue in R&D activities every year in an effort to further strengthen its position as a technology leader. In this way, development of the existing technology portfolio will continue, while new technologies are introduced to reflect emerging trends.

The Management Board also expects that further increases in productivity will largely compensate for the increase in production costs driven by rising raw material prices and wage costs, and a higher burden of depreciation. This should mean that the EBIT margin (adjusted for any exchange rate effects) will remain at its current healthy level. Seasonal effects, in particular in the mobile devices business, however can result in fluctuations during the year.

In the long term, the Management Board will maintain its target of a gearing ratio of 80 % in spite of the major capital investment programme. Additional committed credit lines for approximately EUR 100m have been agreed with the banks in order to underwrite the planned growth.

Our guidance for next year is as follows:

Expected revenues of EUR 535-550m**

EBIT margin > 9 %*

Effective tax rate of approximately 20 %

Investments (CAPEX): over EUR 130m**

Net gearing (long-term) <= 80 %**

* excluding possible exchange rate fluctuations

** Precise cut-off during financial year not practicable, exchange rate fluctuations not taken into account

emitter: AT&S Austria Technologie & Systemtechnik AG
Fabriksgasse 13
8700 Leoben
Austria

contact person: Mag. Martin Theyer

phone: +43 3842 2005909

e-mail: m.theyer@ats.net

website: www.ats.net

ISIN(s): AT0000969985 (share)

stock exchanges: official trade in Vienna



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